

## Groundhog Day

Markets absorbed a lot of corporate earnings results last week and finished mixed. For the week, the S&P 500 Index was +0.4%, the Dow Jones Industrials -0.4%, and the NASDAQ -0.2%. The Communication Services, Energy, and Utility sectors led the S&P 500 Index for the week, while the Health Care Consumer Discretionary, and Materials sectors lagged. The 10-year U.S. Treasury note yield was 4.257% at Friday’s close versus 4.233% the previous week.

As expected, the Federal Reserve held the Fed funds rate at its current 3.50% to 3.75% target range during its January policy meeting. CME Fed funds futures currently show no changes until the June policy meeting. The bigger Federal Reserve news came later in the week with President Trump nominating Kevin Warsh to be the next Fed Chairman when current chairman Jerome Powell’s term ends in May.

The next report on the labor market is scheduled for this Friday with the January Employment Situation Report.

The U.S. government is in a partial shutdown as of January 31st as all appropriations legislation was not completed by the deadline. Discussions are on-going and the remainder of appropriations are expected this week and the government fully re-opened.

The earnings reporting momentum stays robust this week with 127 companies in the S&P 500 Index scheduled to report earnings. Quarterly earnings are expected to grow by 11.9%, which is a large upward change from 8.2% last week, with revenue growth of 8.2%, also an upward revision from 7.8% last week. Full-year 2025 earnings are expected to grow by 13.2% with revenue growth of 7.3% and 2026 full-year earnings are expected to grow by 14.3% with revenue growth of 7.3%.

In our Dissecting Headlines section, we look at President Trump’s Federal Reserve chairman nomination.

## Financial Market Update

	<u>Weekly Return</u>	<u>YTD Return</u>		<u>Weekly Return</u>	<u>YTD Return</u>
S&P 500 Index	0.4%	1.5%	Aggregate Bond Index	0.0%	0.2%
Dow Jones Industrial Average	-0.4%	1.8%	U.S. Dollar Index	0.0%	0.0%
NASDAQ 100	-0.2%	1.1%	WTI Crude Oil	6.8%	13.6%
Russell 2000 (Small Cap Index)	-2.1%	5.4%	Gold	-2.4%	12.8%
International Stocks (MSCI ex-US)	0.1%	4.6%	Real Estate (US REIT Index)	0.8%	3.1%

Sources: S&P Global, FactSet

## Dissecting Headlines: Fed Chair Nominee

President Trump nominated Kevin Warsh to be the next chairman of the Federal Reserve when current chairman Jerome Powell’s term as chairman ends in May. Warsh previously served as a Fed governor from 2006 to 2011. He was also an economic adviser in the Bush administration. He is seen as a less polarizing pick than more Trump aligned candidates Kevin Hassett, the current White House National Economic Council Director, or Christopher Waller, a current Fed governor.

President Trump’s criticism of the Federal Reserve for not being more proactive in lowering interest rates likely drove his decision on Warsh, who has argued that current interest rate levels are constraining growth and that the Fed should have a more accommodative policy stance. In the past, Warsh has been more hawkish and critical of the Fed’s large balance sheet.

The nomination now goes to the Senate Banking Committee who will hold hearings with Warsh, and then the full Senate for confirmation.

## The NovaPoint Team



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Joe has over 20 years of experience in the investment management industry. Prior to founding NovaPoint, he was a portfolio manager at Spectrum Advisory Services and GMT Capital in Atlanta, and Epoch Investment Partners in New York. He has also worked as an equity research analyst at Merrill Lynch and ABN Amro. Before beginning his investment career, Joe was an Infantry officer in the U.S. Army. Joe holds a BS from the U.S. Military Academy at West Point and an MBA from the University of Chicago. He is both a Chartered Financial Analyst (CFA) and a Chartered Market Technician (CMT).



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Alan has over 20 years of experience in the investment management industry. Prior to founding NovaPoint, he was a fixed income manager at both Spectrum Advisory Services and a private family office. Alan was also with the Bank Group division of Countrywide Capital Markets where he developed balance sheet strategies for depository institutions. He holds a BS in Banking and an MBA in Finance from Nova Southeastern University. Alan is an endurance athlete and three-time IRONMAN finisher.



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Frederick has over 30 years of experience in the investment management industry. Prior to joining NovaPoint, Frederick was a Partner and Investment Advisor at Brightworth where he advised high net worth investors. Frederick began his investment career in 1991 at Balentine & Co where he rose to Partner. He also co-founded and served as Chief Investment Officer at Wright Investment Management and at Smith & Howard Wealth Management. Prior to beginning his investment career, Frederick served as an Engineer officer in the U.S. Army. He holds a BS from the U.S. Military Academy at West Point and an MBA from Emory University. Frederick is a Chartered Financial Analyst (CFA).



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Larry leads NovaPoint's accounting, tax and outsourced CFO business. He built his previous company, Atlas Solutions, as a solo entrepreneur before merging into NovaPoint CFO. Larry began his career as a Field Artillery officer in the United States Army. Larry earned his Bachelor of Science degree from the U.S. Military Academy at West Point, where he was a four-year letterman on the football team. Larry is a certified Enrolled Agent, recognized by the U.S. Department of the Treasury to represent taxpayers before the Internal Revenue Service.



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Meghan is an Investment Associate focusing on financial planning. Prior to joining NovaPoint, Meghan spent 18 years in government service as an Operations Officer in military intelligence. She holds two Bachelor of Science degrees from the University of Maryland and a Master of Science from the Joint Military Intelligence College. Meghan has additional education specializing in financial planning and currently holds the Federal Retirement Consultant designation.

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